

September 10, 2004

The Honorable Mark Sanford
Governor, State of South Carolina
Post Office Box 12267
Columbia, South Carolina 29211

Dear Governor Sanford:

The past five years have seen significant improvement in our public schools. Maintaining this momentum is important to the future economic and social well-being of our state. As the State Superintendent of Education, I am charged in state law to “keep the public informed as to the problems and needs of the public schools. . . .” (S.C. Code Ann. Section 59-3-30(4)).

I am submitting the enclosed recommendations for consideration in your executive budget. The information outlined presents what I believe are the essential requirements for sustaining and improving the public education system. Although there are many additional and substantial needs not included here, I have confined my recommendations to what I believe are the state’s requirements in order to avoid further shifting of state education obligations to local school districts.

Key requirements are \$315.2 million to provide full funding of the Education Finance Act (EFA) and related district employer contributions in accordance with S.C. Code Ann. Section 59-20-40; \$75.1 million to sustain the S.C. school bus transportation system; \$61.2 million to resource the Education Accountability Act; \$22.5 million to revitalize the K–12 Technology Initiative; \$11.6 million for school textbooks and instructional materials; and \$10.1 million to expand critical early childhood education efforts. Included in the request is \$126 million needed to annualize FY 2005 state nonrecurring appropriation and FY 2005 Lottery appropriation.

I realize that the state has not yet fully recovered from the past budget crisis, and we must all do our part to ensure financial stability and control expenditures. I believe the education system has exercised fiscal discipline as indicated by the absorption of over \$450 million in budget reductions from FY 2001 through FY 2004.

I appreciate this opportunity to present these needs of public education to you, the General Assembly, and the citizens of South Carolina.

Very truly yours,

Inez M. Tenenbaum
State Superintendent of Education

IMT/mm

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Statewide Mission:

Vision: Our shared vision is for a system of public education through which all students will become educated, responsible, and contributing citizens.

Mission: The mission of the South Carolina Department of Education is to provide leadership and services to ensure a system of public education through which all students will become educated, responsible, and contributing citizens.

C. Summary Description of Strategic or Long-Term Goals:

The past four years have seen unprecedented improvement in our public schools. It is important to the future economic and social well-being of our state as a whole that this momentum be maintained. The State Superintendent of Education charged in state law to “keep the public informed as to the problems and needs of the public schools. . .” (S.C. Code Ann. Section 59-3-30(4)). With this charge in mind, the enclosed budget is proposed for the Department of Education for fiscal year 2005–06.

The Department of Education is requesting full funding of the Education Finance Act (EFA) and related district employer contributions in accordance with S.C. Code Ann. Section 59-20-40. In addition funding is requested to sustain the S.C. school bus transportation system, to resource the Education Accountability Act, to revitalize the K–12 Technology Initiative; to provide for school textbooks and instructional materials, and to expand critical early childhood education efforts.

We realize fully that the State is in a budget crisis and that many agencies have had to make tremendous reductions to their budgets, even terminating employees. That being noted, however, the legal responsibility of the Superintendent of Education obligates the Department of Education to submit a request for additional funding to call to the attention of the General Assembly the costs associated with full implementation of the Education Finance Act, Education Accountability Act and other mandated programs. If revenues are not available for these mandates, the State Department of Education will continue to work with the General Assembly and will request statutory relief and adjustments in these mandates.

The following presents the strategic aims of the Department of Education.

Strategic Aim 1. High Student Achievement. Promote high student achievement by establishing and sustaining rigorous academic standards designed to ensure that all students in the state are taught the same high academic content and that they are all on grade level. South Carolina students must receive the same advanced academic preparation as students in other states and countries.

Strategic Goals:

- 1.1 Students are held to rigorous and relevant academic standards.
- 1.2 Students demonstrate essential knowledge and skills as described in the curriculum standards.
- 1.3 Students graduate from high school ready for college or a career.
- 1.4 Students use technology to reach higher levels of learning.
- 1.5 The state educational system components are accountable and aligned so that all students reach a high level of academic achievement.

Strategic Aim 2. Teacher Quality. Ensure an adequate supply of quality, caring, and competent teachers for all South Carolina classrooms by promoting strategies for the recruitment, training, and retention of teachers. Make dramatic changes in the way teachers are prepared. Implement and align standards and policies through a statewide review of teacher education programs. Establish and expand a network of Professional Development schools, where teachers can learn new standards and turn them into lesson plans. Develop a new certification system where certificate advancement will be connected to performance and recertification regulations to give teachers more flexibility. Initiate efforts to move the average South Carolina teacher's salary to the national average.

Strategic Goals:

- 2.1 Teacher recruitment and retention programs are successful.
- 2.2 Teacher preparation programs produce highly qualified teachers.
- 2.3 Teachers are qualified, competent, ethical, and caring.
- 2.4 Teacher professional development programs are effective.

Strategic Aim 3. Early Childhood Education. Increase and sustain emphasis on preparation of children in the early years through pre-K programs such as First Steps for School Readiness, Four-Year-Old Half Day Program, and Family Literacy initiatives. These efforts will help school districts enhance the foundation for student success so that all students enter first grade ready to learn and succeed.

Strategic Goals:

- 3.1 Children enter the first grade ready to learn and succeed.
- 3.2 Children have access to quality early childhood programs.
- 3.3 Children and their families have access to quality family literacy programs.

Strategic Aim 4. Parental and Community Partnerships. Facilitate increased involvement of parents, community leaders, and business partnerships in public schools of the state.

Strategic Goals:

- 4.1 Parents are active partners in their child's learning.
- 4.2 Communities are active partners in student learning.
- 4.3 Businesses are active partners in student learning.

Strategic Aim 5. Safe and Healthy Schools. Enhance efforts and provide leadership through the Office of Safe and Healthy Schools. Continue providing guidance counselors, social workers, school psychologists, and school safety/resource officers. Increase the number of alternative schools to serve students who are not succeeding in traditional school programs. Increase emphasis on character education programs, peer mediation/conflict resolution, mentoring, discipline policies, law enforcement partnerships, school-based mental health counselors, school facilities, and school attendance. Provide a safe physical environment conducive for learning. Replace obsolete or aging facilities, begin a school bus replacement cycle for the high mileage bus fleet, and improve the salaries for bus mechanics and drivers.

Strategic Goals:

- 5.1 Schools are safe, healthy places with environments that are conducive for learning.

- 5.2 School facilities are safe, functional, and adequate.
 5.3 The public school transportation system is safe and efficient.
 5.4 Schools form community and state alliances that promote the health, safety, and well-being of students.

Strategic Aim 6. Education Leadership. Improve the quality of school site leadership by providing principals access to the very best training in education, management, leadership, communication, and technology through the CP&L School Leadership Executive Institute. Provide training slots to school districts needing special assistance through the Education Accountability Act, as well as principals nominated by their school districts. Expand the Principal Mentor and Principal Induction Programs. Work to ensure aligned state education leadership.

Strategic Goals:

- 6.1 School leaders are highly qualified, caring, and supportive.
 6.2 State education leadership is aligned.
 6.3 Education leadership is accountable.
 6.4 Professional development programs support education leaders.

D.

Summary of Operating Budget Priorities for FY 2005–06:		Funding					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No: 1	Title: EFA and Employer Contributions	0	\$315,169,752	0	0	\$315,169,752	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1-6.4 Activity Title EFA and Fringe										
Priority No: 2	Title: EAA School Assistance, Intervention and Reward	0	0	0	\$61,270,649	\$61,270,649	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1-1.5, 6.2, 6.3 Activity Title EAA										
Priority No: 3	Title: Teacher Quality	0	\$1,636,764	0	\$16,710,026	\$18,346,790	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 2.1–2.4 Activity Title Teacher Quality										
Priority No: 4	Title: Early Childhood Education	0	0	0	\$10,094,600	\$10,094,600	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 3.1–3.3 Activity Title Early Childhood Education										
Priority No: 5	Title: Summer School	0	\$10,000,000	0	0	\$10,000,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1–1.5 Activity Title Summer Schools										
Priority No: 6	Title: EAA Assessment	0	\$3,839,181	0	0	\$3,839,181	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.5, 6.3 Activity Title Assessment & Testing Activities										
Priority No: 7	Title: Textbooks & Instructional Materials	0	\$11,586,587	0	0	\$11,586,587	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1, 1.2 Activity Title Instructional Materials										
Priority No: 8	Title: Transportation	0	\$75,013,883	\$58,211	0	\$75,072,094	2	1	0	3.00
Strategic Goal No. Referenced in Item C Above: 5.3 Activity Title School Transportation System										
Priority No: 9	Title: High Schools That Work	0	0	0	\$1,000,000	\$1,000,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1–1.5, 5.1–5.4, 6.4 Activity Title High Schools That Work										
Priority No: 10	Title: Young Adult Education	0	0	0	\$1,600,000	\$1,600,000	0	0	0	0.00

Summary of Operating Budget Priorities for FY 2005–06:		Funding					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Strategic Goal No. Referenced in Item C Above: Activity Title Adult Education										
Priority No: 11	Title: EAA Data Collection and Reporting System	0	0	0	\$1,944,045	\$1,944,045	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 6.2, 6.3 Activity Title Data Collection-SASI										
Priority No: 12	Title: Technology	0	0	0	\$22,500,000	\$22,500,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.4, 1.5, 5.3, 6.4 Activity Title Technology Initiative										
Priority No: 13	Title: Curriculum Standards-GT-SAT-AP	0	\$335,000	0	\$25,872,938	\$26,207,938	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1–1.5 Activity Title Curriculum Standards										
Priority No: 14	Title: Education of Students with Disabilities	\$650,000	\$3,598,696	0	0	\$4,248,696	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: Activity Title Services to Students with Disabilities										
Priority No: 15	Title: K–5 Enhancement Funds; 6–8 Enhancement Funds	0	0	0	\$48,500,000	\$48,500,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1, 2.2 Activity Title Enhancement										
Priority No: 16	Title: Institute of Reading	0	0		\$1,650,000	\$1,650,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 1.1, 2.3 Activity Title Institute of Reading										
Priority No: 17	Title: EIA Teacher Salary & Fringe	0	0	0	-\$135,630,330	(\$135,630,330)	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above: 2.1 Activity Title EIA Teacher Salary & Fringe										
TOTAL OF ALL PRIORITIES		\$650,000	\$421,179,863	\$58,211	\$55,511,928	\$477,400,002	2	1	0	3.00

E. Agency Recurring Base Appropriation:

State \$1,838,756,008
Federal \$524,264,072
Other \$611,579,427

F. Efficiency Measures: See Agency Accountability Report

G. NA

H. Number of Proviso Changes: 16

I. Signature/Agency Contacts/Telephone Numbers:

_____/Molly Spearman/734-6955 or 734-8495

_____/John K. Cooley/734-8148 or 734-3399

A. **Agency Section/Code/Name:** Section 1, H63–Department of Education

B. **Priority No. 1 of 17**

C. (1) **Title:** Education Finance Act-EFA and General Fund District Employer Contributions

(2) **Summary Description:** The Education Finance Act (EFA) provides the basic foundation program funding across the entire state for approximately 660,000 students. District Employer Contributions provides the state's portion of the general fund employer contributions increase associated with the Education Finance Act (EFA) increase. Funding is provided to all 85 public school districts, two special districts, and one special school.

(3) **Strategic Goal/Action Plan:** High Student Achievement and Teacher Quality

D. **Budget Program Name and Number:** Education Finance Act and Employer Contributions. XIII.A.

E. **Agency Activity:** Foundation Education Program – Education Finance Act (EFA)

F. **Detailed Justification for Funding:**

(1) **Justification for Funding Increase:**

EFA. The EFA provides the basic funding for the foundation program. The requested increase provides funding at the estimated student count (weighted pupil units) and Base Student Cost as projected by the Office of Research and Statistics, Budget and Control Board. The increased funding provides the resources to achieve strategic aims of High Student Achievement and Teacher Quality. The end result of the program is to provide the foundation funding for student learning so SC students will become educated, responsible, and contributing citizens. Accountability and effectiveness is measured through audit compliance for expenditures, local required effort, adequacy of estimates, and student learning. This program provides the basic state and local education funding and all other state and local education programs complement the EFA. This program is the number one priority because it funds the foundation program on which all other items are based. Applicable state statutes: S.C. Code Ann. Section 59-20-20 through 59-20-80. SDE current resources are inadequate to cover the increase.

Employer Contributions. Employer Contributions provides the state's share of employer contributions. The intent is to provide, on average, 70% of school districts' expenditures for employer contributions less federal employees. The measure of success is determined during audits and if the state provided its share. Currently state funding is providing approximately 60% to 65% instead of 70%. This program complements other state and local funding in order to provide the total employer contributions requirement. This program is a high priority because it provides the required employer contribution associated with the EFA, which is priority one. Local, EIA, Federal and other funds assist in meeting the employer contributions requirements for school districts. Applicable state statutes are 59-20-20(2)(g), 59-21-160, 59-21-170. SDE current resources are inadequate to meet this increased requirement.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds		\$315,169,752			\$315,169,752
Total	\$ 0	\$315,169,752	\$ 0	\$ 0	\$315,169,752
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) **Base Appropriation:**

State \$1,079,180,573 EFA, General Fund
 \$368,430,403 Employer Contributions, General Fund

(4) **Is this priority associated with a Capital Budget Priority?** NO If so, state **Capital Budget Priority Number and Project Name:** NA

G. **Detailed Justification for FTEs:** NA

H. Other Comments:

The following information is provided:

EFA
FY 2005 Appropriated Base Student Cost: \$1,852
FY 2005 Fully Funded Base Student Cost: \$2,234
FY 2005 Appropriated Weighted Pupil Units: 842,000
FY 2006 EFA Inflation Factor 2.5%
FY 2006 Projected Base Student Cost (BSC): \$2,290
FY 2006 Projected Weighted Pupil Unit (WPU) Count: 847,426
EFA Calculation Formula: $(BSC \times WPUs \times 0.70) + \text{Other Agencies and Programs}$
 $(\$2,290 \times 847,426 \times 0.70) =$ \$1,358,423,878
Home Instruction = \$515,250
Palmetto Unified = \$2,981,580
DJJ = \$3,776,668
School-Deaf and Blind = \$1,442,700
FY 2006 TOTAL REQUIRED = \$1,367,140,076
LESS FY 2005 BASE = \$1,079,180,573
FY 2006 REQUESTED INCREASE = \$287,959,503

Employer Contributions:
FY 2006 EFA total increase = \$287,959,503
FY 2006 EFA increase subject to fringe increase = \$166,240,523
Estimated % of EFA related to salaries = 88%
FY 2006 estimated employer contribution rate = 18.60%
Calculation Formula:
 $(\$166,240,523 \times 88\% \times 18.60\%) = \$27,210,249$
FY 2006 REQUESTED INCREASE = \$27,210,249

NOTE 1: This request treats the FY 2005 redirection of \$20 million from school district Medicaid reimbursement to the EFA as nonrecurring funds.

NOTE 2: This item impacts SC Average Teacher Salaries and is synchronized with the National Board, Teacher Specialist, and EIA Teacher Salary Supplement.

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 2 of 17

C. (1) Title: Education Accountability Act, School Assistance, Intervention, and Reward

(2) Summary Description:

The Education Accountability Act (EAA) of 1998 states that schools designated as unsatisfactory or below average are eligible to receive special services from the state. These services may include the following intervention, and assistance: external review, technical assistance, homework centers, teacher specialists, principal specialists and retraining grants. Some services are contingent upon external review team recommendations and subsequent State Board of Education (SBE) approval. In addition, the EAA establishes the Palmetto Gold and Silver Awards Program to recognize and reward schools for academic achievement.

External Review/Intervention and Assistance. The EAA states that when schools receive a rating of unsatisfactory or upon the request of a school rated below average, an external review team must be assigned by the State Department of Education (SDE) to examine school district educational programs, actions, and activities. The results of the external reviews are used to develop technical assistance plans for each school. Technical assistance to the schools is tailored to the needs of each school. Currently, SDE is providing technical assistance to schools rated unsatisfactory or below average using a tiered approach consisting of three tiers. The tier 1 schools receive the most aggressive assistance that include a principal leader, a curriculum specialist, teacher specialists, and an external review and additional technical assistance. Services and intervention for schools in tier 2 include a teacher specialist and a curriculum specialist. Tier 3 does not have a principal leader or curriculum specialist but may have teacher specialists and/or curriculum and instruction facilitators. All tiers receive an external review/audit and SDE support. For the 2004–05 school year, all unsatisfactory schools will benefit from services as mandated by S.C. Code Ann. § 59-18-1500 *et seq.* Therefore, this budget reflects a delivery system in which all schools rated unsatisfactory or below average receive external reviews and varied technical assistance based on level of performance.

Teacher Specialists. The EAA specifies that teacher specialists will be assigned, based on external review team recommendations, to unsatisfactory schools and to below average schools as requested at the rate of one per grade in elementary schools and one per core subject area in middle and high schools. Per proviso, teacher specialist may be assigned to kindergarten, special education, limited English proficient, and based on enrollment if recommended by the review team. The salary for each specialist is set as the regular salary plus benefits from their home-based district, or the statewide average teacher salary for teachers who resigned from their districts or those who have no home district, plus 50 percent of the current southeastern average teacher salary. The purpose is to assist schools in improving teaching and learning in order to improve students' academic performance. The EAA charged the SDE with the development of a program to identify, select, and train a pool of educators with a history of exemplary student academic achievement to serve as teacher specialists on site. After the selection of the teacher specialists by district superintendents, they receive on-going support, training, and staff development from SDE program coordinators (S.C. Code Ann. § 59-18-1530).

Principal Specialist. The EAA provides that a principal specialist may be hired for a school designated as unsatisfactory, if the district board of trustees chooses to replace the principal of the school (S.C. Code Ann. § 59-18-1530). By proviso, a principal specialist may be assigned to below average schools if recommended by an external review team.

Retraining Grants. The EAA mandates the establishment of Retraining Assistance Grants. The program objectives are to promote school planning (school renewal plan) that will improve student performance as measured by the report card, to assist schools in planning and delivering professional development that builds the capacity of the faculty and administration to implement the school renewal plan, and to promote parental and community support and involvement. Schools rated unsatisfactory and below average are eligible for retraining (professional development) grants for their faculty and administration. In order to receive the grants, the schools must revise their school renewal plans. A committee of district strategic planning coordinators and Southern Association of Colleges and School representatives developed a model revision process to be used by schools eligible for retraining grants so that the revised school renewal plans would reflect high standards, improved student academic performance, effective professional development activities, and strong parental involvement. Schools were trained in the model revision process and were provided additional assistance as needed in developing quality plan revisions focused on the improvement of student academic performance.

Homework Centers. The EAA requires that the SBE establish grant programs to fund homework centers in schools and districts designated as below average and unsatisfactory.

Palmetto Gold and Silver Awards. The EAA mandates the establishment of the Palmetto Gold and Silver Awards Program to recognize and reward schools for high levels of academic performance or for high rates of improvement. The program is operated by the SDE in accordance with program criteria established by the Division of Accountability of the Education Oversight Committee (S.C. Code Ann. § 59-18-1100).

Report Card. The EAA mandates the issuance of an annual report card for all schools and districts (S.C. Code Ann. § 59-18-900).

(3) Strategic Goal/Action Plan:

External Review/Intervention and Assistance. School intervention, the external review, and technical assistance fully support the vision and mission statement for the SDE. The mission statement indicates that the SDE will “provide leadership and services to ensure a system of public education in which all students become educated, responsible, and contributing citizens.” Every strategic aim is addressed in the intervention and assistance program. The clear focus of this program is high student achievement, educational leadership, and teacher quality.

Teacher Specialist. The Teacher Specialists On-Site Program is consistent with the SDE’s mission statement to “provide leadership and services to ensure a system of public education through which all students will become educated, responsible, and contributing citizens.” The program supports the SDE’s strategic aims of high student achievement by improving teaching and, therefore, learning; teacher quality—through coaching, mentoring, training, and professional development, the teacher specialists improve the capacity, effectiveness, and competence of teachers in low-performing schools; early childhood education—teacher specialists at the kindergarten level to improve kindergarten teaching and learning; and education leadership—the teacher specialists coach, mentor, train, and provide professional development opportunities to empower teachers to assume greater leadership in student academic improvement. The specific strategic goals supported by the Teacher Specialists On-Site Program for high student achievement are 1.1, students are held to rigorous and relevant academic standards; 1.2, students demonstrate essential knowledge and skills as described in the curriculum standards; and 1.3, students graduate from high school ready for college or a career. For teacher quality, the strategic goals supported are 2.3, teachers are qualified, competent, ethical, and caring, and 2.4, teacher professional development programs are effective. Early childhood education supports strategic goals 3.1, children enter the first grade ready to learn and succeed, and 3.2, children have access to quality early childhood programs. The strategic goal supported for education leadership is 6.4, professional development programs support education leaders. The action plan is for the SDE program coordinators for the Teacher Specialists On-Site Program to identify, select, and train a pool of educators with a history of exemplary student academic achievement to serve as teacher specialists on site. Once teacher specialists are placed in schools, the SDE program coordinators provide continuing support, training, staff development, monitoring, and evaluation.

Principal Specialist. The Principal Specialist Program supports strategic aims 6.1, school leaders are highly qualified, caring, and supportive.

Retraining Grants. Retraining Assistance Grants program is consistent with SDE’s mission statement to “provide leadership and services to ensure a system of public education through which all students will become educated, responsible, and contributing citizens.” The Retraining Grants support SDE’s strategic aims of Teacher Quality and Education Leadership. The specific strategic goals supported by the program are 2.4, teacher professional development programs are effective, and 6.4, professional development programs support education leaders.

Homework Centers. Strategic Goal 1: High Student Achievement. Homework Centers provide focused after school assistance for children performing below basic.

Palmetto Gold and Silver Awards. The SDE’s operation of the Palmetto Gold and Silver Awards Program is consistent with its mission statement to “provide leadership and services to ensure a system of public education through which all students will become educated, responsible, and contributing citizens.” The Palmetto Gold and Silver Awards Program supports the SDE’s strategic aim of high student achievement by encouraging, recognizing, and rewarding schools for high academic performance and high rates of improvement. The specific strategic goals supported by the program are 1.1, students are held to rigorous and relevant academic standards, and 1.2, students demonstrate essential knowledge and skills as described in the curriculum.

Report Card. Provide EAA accountability and reporting.

- D. Budget Program Name and Number:** Teacher Specialist/Principal Specialist, External Review Teams Intervention and Assistance, Retraining Grants Assistance, Homework Centers, XV and Education Lottery, Section 1AAA

E. Agency Activity: Education Accountability Act, School Assistance, Intervention, and Reward. External Review, Teacher Specialist, Principal Specialist, Homework Centers, Retraining Grants, Palmetto Gold and Silver Awards, Reporting.

F. Detailed Justification for Funding

(1) Justification for Funding Increase: External Review Intervention and Assistance. The program supports the statutory requirements for intervention and assistance in schools rated unsatisfactory. The effectiveness of this program will be measured by the number of schools served that improve their performance and are no longer rated as unsatisfactory. Funds are required to serve all schools rated unsatisfactory and below average. Funds support review teams, principal leaders, curriculum specialist, and curriculum/materials and equipment for unsatisfactory and below average schools. Total appropriation request is for \$14,531,202. Requested increase is \$12,542,340 of which \$1,466,872 is to replace prior year Lottery appropriation.

Teacher Specialist. The EAA in S.C. Code Ann. § 59-18-1530 mandates the appointment of teacher specialists on site, if recommended by the external review team, for schools designated as unsatisfactory or requesting below average schools. School report cards will be issued and low-performing schools are designated. The report cards will highlight schools' performances so that needed changes can be addressed through various strategies to support continuous improvement. The Teacher Specialists On-Site Program may be the most powerful of the strategies as it provides to teachers on-going classroom instructional assistance to increase teachers' instructional competencies that will improve student performance. Measures to be used to evaluate the effectiveness of the Teacher Specialists On-Site Program may include school report card absolute and improvement scores, student performance on assessments (such as PACT, Exit Exam, SAT, the South Carolina Readiness Assessment, and classroom-authentic assessments), percent of students on academic assistance plans, percent of students on academic probation, percent of students retained, percent of dropouts, high school graduation rates, percent of graduates entering postsecondary education, percent of graduates qualifying for LIFE scholarships, percent of teachers with an increased knowledge and implementation of the content standards, percent of teachers exhibiting improved instructional practices, and percent of teachers receiving sustained professional development activities aimed at the improvement of student academic performance. A preliminary study showed greater gains in student performance in schools with teacher specialists than in similar schools without teacher specialists. Surveys of principals and teachers in schools with teacher specialists indicate a high level of satisfaction with the Teacher Specialists On-Site Program. Total appropriation request is for \$33,759,700. Requested increase is for \$28,498,017 of which \$26,290,194 is to replace prior year Lottery appropriation.

Principal Specialist. SDE projects the need for 17 principal specialists. Total appropriation request is for \$2,771,799. Requested increase is for \$2,771,799 of which \$2,426,085 is to replace prior year Lottery appropriation.

Retraining Grants. Unsatisfactory and Below Average schools are provided retraining grants. Once a school qualifies for a retraining grant, the EAA allows for the grant to be renewed for two consecutive years. As schools move from a lower rating to a higher rating, the school may still be eligible for a grant. Also, schools that are just above the below average rating and slip to just in the below average rating will qualify for a grant. Projected average per certified staff is \$450 with an average per school of \$20,250. For FY 2006, SDE projects approximately 358 schools will require retraining grants. Total appropriation request is for \$7,436,700. Requested increase is \$7,436,700 of which \$7,436,700 is to replace prior year Lottery appropriation.

Homework Centers. Requested funding for homework centers is based on \$30,000 per center times projected 235 homework centers at unsatisfactory (55) and below average (180) schools. Total appropriation request is for \$7,050,000. Requested increase is \$7,050,000 of which \$6,953,864 is to replace prior year Lottery appropriation.

Palmetto Gold and Silver Awards. In accordance with the EAA, the Palmetto Gold and Silver Awards Program recognizes and rewards schools for academic achievement. Measures to be used to evaluate the effectiveness of the Palmetto Gold and Silver Awards Program may include school report card absolute and improvement scores, the number of schools qualifying for the awards, and the public recognition provided to qualifying schools. Total appropriation request is for \$2,000,000. Requested increase is \$2,000,000 of which \$2,000,000 is to replace prior year Lottery appropriation.

Report Card. The cost of printing and distributing the EAA report is projected at \$971,793. Total appropriation request is for \$971,793. Requested increase is \$971,793 of which \$971,793 is to replace prior year Lottery appropriation.

EAA Summary. Total requested increase is \$61,270,829 of which \$46,102,616 is to replace prior year Lottery appropriation.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds				\$61,270,649	\$61,270,649
Total	\$ 0	\$ 0	\$ 0	\$61,270,649	\$61,270,649
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$5,261,683 Teacher/Principal Specialist
Federal
Other

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs: NA

H. Other Comments: NA

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 3 of 17

C. (1) Title: Teacher Quality

(2) Summary Description:

National Board Certification. Section 59-26-85 provides for an incentive pay increase to teachers who become certified by the National Board for Professional Teaching Standards (NBPTS). The pay increase shall be determined annually in the appropriations act.

Induction and Mentoring. Funding for this activity is requested in order to comply with the Teacher Quality Act (Act 393 of 2000). Its objective is to improve teacher quality by increasing teacher retention and reducing teacher turnover by establishing an effective mentoring program for South Carolina's public schools. The program will focus on the following three critical needs: each school district will have access to a mentoring program that will address the needs of beginning and experienced teachers; teacher attrition will be significantly reduced through the efforts of well-trained and supportive mentors; student achievement gains will be noted because of teacher retention and greater teacher effectiveness.

Research from 2003 indicates that teacher attrition rates for South Carolina are:

16.7% after the first year of teaching

27.5% after three years of teaching

33.5% after five years of teaching

The cost of teacher turnover is significant. It is estimated that the cost of replacing a teacher is 25-35% of the annual salary plus benefits. A Texas study reported the cost to a school district to be \$8,000 or more per recruit leaving in the first several years of teaching. Further, attrition exacerbates recruitment problems, particularly when teachers leave hard to staff schools and critical subject fields.

At present school districts in South Carolina are required to assign a mentor to each beginning teacher; however, the formal, sustained training of these mentors is minimal or non-existent across the state. If a foundation of professional development is provided for mentors, not only will teacher attrition decrease, but research indicates that more effective teaching has a direct positive correlation with higher student achievement.

The proposed budget request of \$12 million for 05-06 will allow for initial training of mentors and induction providers. Funding will also provide stipends or released time for mentors to work with beginning as well as experienced teachers. Additionally, funding will allow for the creation of an on-line mentoring system that will facilitate expert mentor consultation to remote school districts. Finally, funding will support the State administration of the mentoring initiative through appropriate staff coordination as follows.

Assisting, Developing and Evaluating Professional Teaching (ADEPT). ADEPT is a SC system for enhancing teacher quality. The system includes provisions for induction/mentoring/assistance programs for first year teachers; formal evaluation for second year teachers and experienced teachers who have performance problems; and professional development goal for experienced teachers.

Teacher Quality Information Technology. The information technology funding will provide consistent support, maintenance and enhancements to the teacher quality database applications. These applications house South Carolina's educators' credentials, ADEPT history, and accountability information for teacher education programs. These database systems feed other teacher, district and departmental systems such as the district teacher supplemental payroll, federal and state reporting such as the school/district report card, and NCLB federal reporting. We have built several Web applications that allow the districts to retrieve or update educator information, renew certificates, and allow Web based information that enables educators and parents to look up pertinent educator information. Personnel, logistical, and infrastructure support is required for these IT applications.

(3) Strategic Goal/Action Plan: Strategic Initiative: Teacher Quality

2.1 Teacher recruitment and retention programs are successful.

2.2 Teacher preparation programs produce an adequate supply of competent teachers.

2.3 Teachers are qualified, competent, ethical, and caring.

2.4 Teacher professional development programs are effective.

D. Budget Program Name and Number: National Board Certification XIII; Teacher Quality XI.C; ADEPT XIII; Teacher Quality I, III,

E. Agency Activity: National Board Certification (NBC) Incentive; ADEPT, Teacher Quality Induction and Mentoring

F. Detailed Justification for Funding**(1) Justification for Funding Increase:**

National Board Certification. Provides funding for the projected increase in teachers achieving National Board for Professional Teaching Standards (NBPTS) certification and applicants for (NBPTS) certification. The FY 2004 number of NBPTS certified teachers receiving the incentive is 3,120. Based on previous pass rates and current NBPTS certified teachers, the State anticipates having approximately 3,900 NBPTS certified teachers by November 2004 and a total of 4,620 by November 2005 (FY 2006). The State also anticipates an additional 1,200 new applicants. Total appropriation request is for \$43,854,900. Requested increase is for \$4,610,026. See paragraph H, Other comments, below.

Induction and Mentoring. Requested appropriation is for \$12,000,000. This will allow for initial training of mentors and induction providers. Funding will also provide stipends or released time for mentors to work with beginning as well as experienced teachers. Additionally, funding will allow for the creation of an on-line mentoring system that will facilitate expert mentor consultation to remote school districts. Finally, funding will support the State administration of the mentoring initiative through appropriate staff coordination. See paragraph H, Other comments, below.

ADEPT. The current level of appropriation is insufficient to cover the costs incurred by school districts, universities and colleges, and SDE for the conduct of the ADEPT program. The current pass-through appropriation is \$2,217,245. Requested pass-through appropriation is for \$3,754,009 which provides an increase of \$1,536,764. An appropriation of \$3,754,009 will provide the following, which more accurately reflects costs: \$5,000 base per school district and special school, plus \$986 per new teacher estimated at 3,000. Universities and colleges will receive base funding between \$9,500 to \$15,000 (depending on program size) plus an amount per student. SDE requires approximately \$100,000 to fund one Education Associate III position (\$69,000 salary; 19,320 fringe; \$11,680 other operating. No FTE is requested.

Teacher Quality Information Technology. Requested appropriation is for Salary (\$60,000), Fringe Benefits (\$16,800), and Operating (\$23,200) for an Applications Analyst II, Band 6, Level B position. No FTE is requested. Outcomes include the following: enable other educational entities to share data; develop ability to efficiently and accurately report data to the U.S. Department of Education and other entities; make existing applications more user friendly; make more data available to customers. Outputs include the following: Title II Report Card for Institutions of Higher Education and integration of SASI data for determining Highly Qualified status. See paragraph H, Other Comments, below.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		0	0		0.00
(b) Salary		\$69,000		\$283,263	\$352,263
(c) Fringe Benefits		\$19,320		\$79,314	\$98,634
Program/Case Services					
Pass-Through Funds		\$1,536,764		\$12,610,026	\$14,146,790
Other Operating Expenses		\$11,680		\$3,737,423	\$3,749,103
Total	\$ 0	\$1,636,764	\$ 0	\$16,710,026	\$18,346,790
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$11,276,610 National Board Certification \$2,217,245 ADEPT
Federal	
Other	\$27,968,264 EIA, National Board

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs: NA

H. Other Comments:

CALCULATIONS:

National Board Certification

Salary: 4,620 NBPTS Teachers X \$7,500 =	\$34,650,000
Employer Contributions = \$34,650,000 X 0.1860 =	\$6,444,900
New Applicants = 1,200 X \$2,300 =	\$2,760,000
Total Required =	\$43,854,900
Less Prior Year Appropriation =	-\$39,244,874
Current Year Required Increase =	\$4,610,026

NOTE: The national board certification impacts SC Average Teacher Salaries and is synchronized with the EFA, Teacher Specialist, and EIA Teacher Salary Supplement.

Induction and Mentoring

Training for Mentor Teachers (Phase One)	\$2,250,000
Training for Induction Providers	\$100,000
Stipends/Release Time for Mentors	\$8,000,000
Consultation by Expert Mentors	\$1,000,000
Program Leadership	\$650,000
Salary: \$223,263 Fringe: \$62,514;	
Operating: \$364,223	
Total Required	\$12,000,000

Based on a \$12,000,000 appropriation and approximately 6,215 teachers (induction, provisional, annual, continuing on formal evaluation), the appropriation would provide approximately \$1,931 per teacher.

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 4 of 17

C. (1) Title: Early Childhood Education

(2) Summary Description: The Half-Day Program for Four-Year-Olds establishes and provides for the education of three- and four-year-old children who have predicted significant readiness deficiencies. The legislation requires that each district will provide for at least a half-day early childhood development program for four-year-old children. Districts have the option of serving three-year-old children.

(3) Strategic Goal/Action Plan: Strategic Aim 3, Early Childhood Education. Increase and sustain emphasis on preparation of children in the early years through pre-K programs such as First Steps for School Readiness, Four-Year-Old Half Day Program, and Family Literacy initiatives. These efforts will help school districts enhance the foundation for student success so that all students enter first grade ready to learn and succeed

Strategic Goals:

- 3.1 Children enter the first grade ready to learn and succeed.
- 3.2 Children have access to quality early childhood programs.
- 3.3 Children and their families have access to quality family literacy programs.

D. Budget Program Name and Number: Education Improvement Act, The Half-Day Program for Four-Year-Olds (4-Year Early Child). XI.B.

E. Agency Activity: Early Childhood Education – Four-Year-Old Early Childhood

F. Detailed Justification for Funding

(1) Justification for Funding Increase: The poverty rate for families of young children has steadily increased in our state over the past twenty years. Currently, one in five babies are born to mother's who are not high school graduates. Twenty-six percent of babies are recorded as born to single mothers. These children are much less likely to receive the early literacy and language skills necessary for them to enter school ready to learn. The purpose of this program to provide services to children from low literacy, high poverty homes so they can receive the educational services that are so important and will lead to success.

Several research studies, including "The Penny Report" (released in December, 2002) showed that children who were served in public school 4K programs (children who are "most likely to experience school failure") performed as well as and better than their peers when tracked to 3rd grade PACT testing. It is highly probable that a reduction of children in this year's 4K programs will lead to lower third grade PACT scores in the future.

As a result of a statewide survey conducted by the Office of Early Childhood Education (OECE), the following information was compiled:

- There are approximately 54,000 four-year-olds in the state.
- 17,000 four-year-olds were served under the state funded Education Improvement Act
- 1,200 four-year-olds were served under Title I
- 3,700 four-year-olds on school district waiting list (approximate number)
- 15,000 in other programs including private day care and Head Start
- 114 parents contacted the Office complaining that their child could not be admitted to the school district's four-year-old program due to lack of funds
- 17,000 estimate of those not enrolled in any program

The current appropriation for the EIA Half-Day Program for Four-Year-Olds is \$21,832,768 and provides service to approximately 17,000 at risk four-year-old children at an approximate per student rate of \$1,285. Good child care costs approximately \$7,000 annually per child. Serving 17,000 four year old children in public 4K programs for an total annual cost of \$21,832,678 would be \$7.13 a day or \$2.86 an hour. State 4K requirements have, overall, higher quality requirements than most childcare programs in the state. An increased appropriation of \$10,000,000 will provide some of this deficit to districts and enable them to enroll half-day service to approximately 7,000 additional children or 19% of the estimated children not enrolled.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Salary				\$70,000	\$70,000
(c) Fringe Benefits				\$19,600	\$19,600
Pass-Through Funds				\$10,000,000	\$10,000,000
Other Operating Expenses				\$5,000	\$5,000
Total	\$ 0	\$ 0	\$ 0	\$10,094,600	\$10,094,600
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$
Federal \$
Other- \$21,832,678 EIA

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs: NA

H. Other Comments:

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 5 of 17

C. (1) Title: Summer School

(2) Summary Description: The Education Accountability Act establishes and provides for the Academic Plans for Students Program in section 59-18-500. The legislation requires that each district provide summer school or year-long comprehensive remediation to students who continue to perform below grade level after receiving general academic assistance for an academic year.

(3) Strategic Goal/Action Plan: Strategic Aim 1, High Student Achievement. Provide statewide leadership and services to schools and districts to ensure implementation of grade-level standards-based instruction for all students. Strategic Goals:

- 1.1 Students are held to rigorous and relevant academic standards.
- 1.2 Students demonstrated essential knowledge and skills as described in the curriculum standards.
- 1.3 Students graduate from high school ready for college or a career.
- 1.4 Students use technology to reach higher levels of learning.
- 1.5 The state educational system components are aligned so that all students reach a high level of academic achievement.

D. Budget Program Name and Number: Education Accountability Act, Summer Schools. XV.

E. Agency Activity: Summer Schools

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Several research studies have shown that high quality summer school programs can have a significant impact on student achievement and greatly reduce the number of students retained (Denton 2002, 3). However these studies, including the July 2001 report by the South Carolina Educational Policy Center, point out that most existing programs do not meet the standard of “high quality.”

The research consistently identifies five factors that make a summer program effective:

- high quality teachers;
- adequate, reliable funding;
- an emphasis on reading and math;
- a climate of innovation and creativity; and
- a comprehensive plan for research and evaluation of program results. (Denton 2002, 9)

In the fiscal year 2002–03, the legislature increased the summer school funding allocation from \$14,000,000 to \$21,000,000 as the requirements to serve students scoring below basic expanded to include science and social studies as well as language arts and mathematics.

In 2001–02 the \$14,000,000 of funding averaged to approximately \$84 per below basic unit. Even with the \$7,000,000 budget increase, there was a drastic decrease in this average to under \$49 per below basic unit by 2003–04. Districts need “adequate, reliable funding” to sustain and/or develop effective summer school and comprehensive remediation programs. An additional \$10,000,000 will add about \$23.00 of funding per below basic unit.

Denton, David. *Summer School: Unfulfilled Promise*. Atlanta, GA: Southern Regional Education Board, 2002.

Monrad, Diane M. and John May. *Year 2000 Summer School in South Carolina: A Follow-up Study*. Columbia, SC: South Carolina Educational Policy Center, College of Education, University of South Carolina, 2001.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds		\$10,000,000			\$10,000,000
Total	\$ 0	\$10,000,000			\$10,000,000
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$21,000,000
Federal	\$0
Other-	\$0

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs:

H. Other Comments:

- A. Agency Section/Code/Name:** Section 1, H63—Department of Education
- B. Priority No.** 6 of 17
- C. (1) Title:** Education Accountability Act (EAA) Assessment System.
(2) Summary Description: EAA Assessment System—PACT, SC Exit Examination, High School Assessment Program, Alternate Assessments, South Carolina Readiness Assessment, and End-of-Course Tests
(3) Strategic Goal/Action Plan EAA Assessment—Strategic Aim 1: High Student Achievement. Goal 1.2: Students demonstrate essential knowledge and skills as described in the curriculum standards.
- D. Budget Program Name and Number:** Assessment XV. Education Accountability Act.
- E. Agency Activity:** Assessment and Testing Activities
- F. Detailed Justification for Funding**
(1) Justification for Funding Increase: The projected cost of the EAA assessment program is \$ 24,269,112. Requested increase is for \$3,839,181 of which \$2,717,662 is to replace prior year Lottery appropriation. Federal funds are estimated at \$6.3 million.

Assessment Program/Component	Contract Costs	Comments
Palmetto Achievement Challenge Tests (PACT) are required by the 1998 S.C.Code Ann 59-18-340 (Supp. 2002 and the No Child Left Behind Act of 2001, 20 USU 6301 et seq. (2002) (NCLB)	\$11,104,759 (administration and scoring) \$302,767 (customized materials options) \$1,500,000 (item development)	
Exit Examination of the Basic Skills Assessment Program (BSAP) is required under the Basic Skills Assessment Program legislation enacted in 1978 by the South Carolina General Assembly and amended by the Education Improvement Act (EIA) of 1984	\$93,080	
High School Assessment Program (HSAP) serves to meet federal requirements for a high school examination under NCLB as well as State requirements under the EAA.	\$3,638,044 \$466,330 (HSAP Science)	
Alternate assessments for PACT and HSAP are administered to meet the requirements of section 612(a)(17)(A) of the Individuals with Disabilities Act (IDEA) and NCLB.	\$2,350,000	
The assessments comprising the End-of-Course Examination Program are required under the EAA	\$2,356,109 \$884,962 (rapid scoring) \$213,606 (on-line rapid scoring)	
By proviso, the State is required to pay the cost of administering either the PSAT or the PLAN.	\$400,000	
The South Carolina Readiness Assessments are required by the EAA	\$100,000	
Assessment of Limited English Proficient Students	\$299,000	
Performance Tasks for the Identification of Gifted and Talented students.	\$456,785	
Technical Advisory Committee	\$40,000	
SCASS Membership	\$30,000	
TOTAL	\$24,269,112	

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Other Operating Expenses				\$3,839,181	\$3,839,181
Total	\$ 0	\$ 0	\$ 0	\$3,839,181	\$3,839,181
<i>*If new :: are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$13,524,562
Federal	\$6,300,000 Estimated but no confirmation
Other	\$874,311 EIA

(4) Is this priority associated with a Capital Budget Priority? NO. If so, state Capital Budget Priority Number and Project Name: NA.

G. Detailed Justification for FTEs: NA

H. Other Comments:

A. **Agency Section/Code/Name:** Section 1, H63–Department of Education

B. **Priority No.** 7 of 17

C. (1) **Title:** Textbooks and Instructional Materials

(2) **Summary Description:** This request provides funds to support textbooks and instructional materials for children, grades K–12 in each subject area as adopted by the State Board of Education to include consumables and replacement of older adoptions, and materials that were not funded during the prior fiscal year.

(3) **Strategic Goal/Action Plan:** High Student Achievement, Students are held to rigorous and relevant academic standards.

D. **Budget Program Name and Number:** Instructional Materials, VIII.B.

E. **Agency Activity:** Instructional Materials - Textbooks

F. **Detailed Justification for Funding**

(1) **Justification for Funding Increase:** The increase in funding is essential for providing replacements of outdated materials in Health and Safety K–5, American Government, US History, World History and other high school social studies areas as well as career/technology courses which include computer applications and other technology courses. Economics and advanced placement Micro and Macro Economics were not funded from the 2004–05 fiscal year. Requested increase is for \$11,586,587 of which \$4,867,395 is to replace prior year Lottery appropriation

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Other Operating Expenses		\$11,586,587			\$11,586,587
Total	\$ 0	\$11,586,587	\$ 0	\$ 0	\$11,586,587

**If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.*

(3) **Base Appropriation:**

State \$37,498,804

(4) **Is this priority associated with a Capital Budget Priority?** NO **If so, state Capital Budget Priority Number and Project Name:** NA

G. **Detailed Justification for FTEs:** NA

H. **Other Comments:** Breakdown of requested increase:

2003 Adoption Areas (Not Funded)

Economics (includes Advanced Placement Micro and Macro) Cost \$1,915,242

2004 Adoption Areas (New)

Advanced Composition	\$85,783
American Government (includes Advanced Placement)	\$2,441,798
Business Computer Applications	\$2,349,568
Child Development 1, 2	\$343,804
Clothing and Textiles 1, 2	\$67,070
Consumer and Homemaking 1, 2	\$180,806
Consumer Education 1, 2	\$31,600
Digital Input for Technologies	\$22,500
Education for Parenthood 1, 2	\$85,409
Emergency Medical Services 1, 2, 3	\$13,850
Foods and Nutrition 1, 2	\$475,465
Gerontology	\$1,315

Health and Safety, K-5	\$8,500,000
History-United States and Constitution (includes Advanced Placement)	\$3,396,359
History-World (includes Advanced Placement)	\$2,654,786
Housing and Home Furnishings 1, 2	\$42,042
Industrial Systems Technology	\$7,810
Information Technology Foundations	\$2,860
Medical Terminology	\$24,500
Networking 1, 2	\$42,744
PC Repair	\$28,050
Self Contained Educable Mentally Disabled, K-12	\$6,546,430
Western Civilization	\$46,804
World Geography	\$2,721,303
Virtual Enterprise	\$57,493
Maintenance and Elementary Consumables	\$14,000,000
Science Kit Refurbishment	3,000,000
Total Needed for 2003 and 2004 Adoption Years	\$49,085,391
Current Level of Funding	\$37,498,804
Increase in Funding for FY 05-06	\$11,586,587

A. **Agency Section/Code/Name:** Section 1, H63–Department of Education

B. **Priority No.** 8 of 17

C. (1) **Title:** Transportation

(2) **Summary Description:** To provide funding and support for the South Carolina School Transportation System.

(3) **Strategic Goal/Action Plan:** Strategic Initiative: Safe and Healthy Schools. Strategic Goal 5.3: The public school transportation system is safe and efficient. Action Plan: To develop a comprehensive plan for the assessment and provision of public school facilities, transportation services, and other infrastructure needs.

D. **Budget Program Name and Number:** Bus Shops. V.C, V.D

E. **Agency Activity:** School Transportation System; School Transportation System – Bus Purchase

F. **Detailed Justification for Funding**

(1) **Justification for Funding Increase:** The state is required to provide basic school bus transportation service for the public school system. Cost increases and the ageing bus fleet have increased the operation and maintenance costs. In past years appropriations for school bus operations have not been adequate to cover expenses, therefore, funding from special projects and the lottery funding have been used. In FY 2006 operating costs will exceed the available FY 2005 resources and the Department will not be able to continue to operate the fleet without additional funding. The department must provide an adequate fleet, adequate maintenance and operation costs, and recruitment and retention of school bus drivers. This request includes the following:

- Establish a 15 year or 250,000 mile, whichever occurs last, school vehicle fleet replacement cycle.
- Increase bus driver salaries and fringe funding from an average of \$6,107 per year (\$7.54 per hour) to \$8,756 per year (\$10.81 per hour). This request includes \$16.48 million in salary plus the associated \$3.296 million in fringe benefits increases. An additional \$2,245,400 salary and fringe increase is requested to fund an increase in annual in-service training for school bus drivers to 40 hours each year.
- Increased funding for Student Injury and Workers Compensation Insurance coverage for school bus drivers.
- Increased funding to cover Student Safety programs.
- Increase funding to pay for school bus fuel, parts, and repairs, and long overdue maintenance facility repairs.
- Add two roving mechanic positions to address temporary staff shortages in shops due to mechanic leave and disability, and position vacancies; and provide a designated staff position for routing of school buses serving students with disabilities.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		2	1		3
(b) Salary		\$1,080,122	\$49,299		\$1,129,421
(c) Fringe Benefits		\$196,618	\$8,912		\$205,530
Pass-Through Funds		\$22,072,805			\$22,072,805
Other Operating Expenses		\$49,427,671			\$51,664,338
Fringe Benefits – Workers Comp		2,236,667			
Total	\$ 0	\$75,013,883	\$58,211	\$ 0	\$75,072,094
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) **Base Appropriation:**

State	\$77,056,475
Federal	\$0
Other	\$4,887,522

(4) **Is this priority associated with a Capital Budget Priority?** NO **If so, state Capital Budget Priority Number and Project Name:** NA

G. Detailed Justification for FTEs:**(1) Justification for New FTEs**

(a) Justification: The aging of the school bus fleet is resulting in increased repairs in addition to a requirement for a maintenance of technical staff effort at each shop. Expanded services for transportation of students with disabilities requires a specialist in special needs routing to serve all 85 school districts.

(b) Future Impact on Operating Expenses of Facility Requirements: No additional facilities requested.

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Mechanic III (Automotive Maintenance Technician II)					
(a) Number of FTEs	2				2
(b) Salary	\$53,045				\$ 53,045
(c) Fringe Benefits	13,261				\$ 13,261

	State	Federal	Earmarked	Restricted	Total
Position Title: Education Associate II (Routing Specialist)					
(a) Number of FTEs		1			1
(b) Salary		\$49,299			\$ 49,299
(c) Fringe Benefits		\$8,912			\$ 8,912

(3) FTEs in Program Area per FY 2004-05 Appropriation Act:

State 442.13

Federal 0

Other 21.87

Agency-wide Vacant FTEs as of August 31, 2004: 107

% Vacant 11%

H. Other Comments:

Cost Factors:

- Establish a 15 year, 250,000 mile replacement cycle for school vehicle fleet (total cost \$44,467,000 – the existing \$6,000,000 Lottery Funds and \$8,261,888 Special Items Bus Purchases = \$30,232,000 additional need). An increase of \$30,232,000 is needed in Special Items Bus Purchases.
- Salary increase, fringe, training for bus drivers \$22,021,400 pass-through.
- Increase operating costs for parts, fuel, tools, equipment, and bus repair (total cost \$32,563,333 - \$13,767,662 = \$18,795,671). An increase of \$18,795,671 is required for FY 2006. Included in this additional amount is a Pupil Injury Insurance increased of 45% requiring an additional \$1,338,264.
- Facility repairs and renovations first phase of four phase project requires \$400,000
- Employer Contributions (Bus driver Workers Compensation Insurance, Employer Contributions) (Total Cost Estimated \$5,300,000 – \$3,063,333 = \$2,236,667). An additional \$2,236,667 is required.
- Aid to Other State Agencies (this is the funding for two State Troopers assigned to school transportation safety program at a total cost of \$150,000 - \$98,595 appropriation = \$51,405 additional pass-through required) must be increased by \$51,405.
- Salary adjustments for state school bus mechanics, 2 additional mechanic positions, and 1 routing specialist for transportation service for students with disabilities \$1,334,951 salary and fringe benefits.

Total \$75,072,094

A. **Agency Section/Code/Name:** Section 1, H63–Department of Education

B. **Priority No.** 9 of 17

C. (1) **Title:** High Schools That Work/Making Middle Grades Work

(2) **Summary Description:** Request is to maintain the 30 current High Schools That Work sites (69 schools) and add 9 new sites (12 high schools and career centers). Additional funds will also supplement start-up costs for the first 20 new Making Middle Grades Work sites.

(3) **Strategic Goal/Action Plan:** Strategic Goal 1.1-1.5, Strategic Goal 5.1-5.4, Strategic Goal 6.4

D. **Budget Program Name and Number:** Lottery Expenditure Account, Section 1AA – H66 – 1AA.1 (14) High Schools That Work

E. **Agency Activity:** High School That Work (HSTW)

F. **Detailed Justification for Funding**

(1) **Justification for Funding Increase:** High Schools That Work is a school-wide revitalization effort dedicated to providing a quality education for all students supported by the SREB Making Middle Grades Work transition program. The High Schools That Work goal is to increase the number of students who meet reading, math, and science performance goals and who complete an upgraded academic core and a career focus. The ten key practices and key conditions of High Schools That Work include: advocating accelerated learning and raising standards for all students, giving students the counseling, support, and extra help they need to plan and complete a challenging program of study, involving parents and the community in efforts to raise student achievement, and securing and effectively utilizing world class technology. The key practices relate directly to the No Child Left Behind Act requirements of assessment and accountability for results, flexibility and local control, and scientifically-based research. SREB requires technical assistance visits to new and maturing sites on a three year rotating basis. SREB also requires that all HSTW sites receive an assessment every other year. Requested increase is for \$1,000,000 of which \$500,000 is to replace prior year Lottery appropriation.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds				\$1,000,000	\$1,000,000
Other Operating Expenses					
Total	\$ 0		\$ 0	\$1,000,000	\$1,000,000

**If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.*

(3) **Base Appropriation:**

State	\$0
Federal	\$0
Other	\$0

(4) **Is this priority associated with a Capital Budget Priority?** NO If so, state Capital Budget Priority Number and Project Name: NA

G. **Detailed Justification for FTEs:** NA

H. **Other Comments:** NA

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 10 of 17

C. (1) Title: Young Adult Education

(2) Summary Description: The Young Adult Program (YAP) serves an overwhelming number 17-21 years of age who leave the traditional K-12 system and enroll in the local school district adult education program for the purpose of completing their high school credential.

(3) Strategic Goal/Action Plan: The goal is to actively recruit students specifically in the age category to enroll in adult education to complete their high school credential.

Strategic Goals:

3.1 Students successfully complete their high school credential.

3.2 Upon successful completion, students will enroll in postsecondary education, enter employment and/or the military.

D. Budget Program Name and Number: Young Adult Education Program (YAP)

E. Agency Activity: Adult Education

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

In the last decade, the high school diploma completion rate has continued to decline giving South Carolina one of the lowest graduation rates in the nation. Because of the extremely high number of dropouts, adult education programs have become the dropout retrieval program for South Carolina. During the academic year of 2003-04, 88,000 adults between the ages of 17-82 were served in a variety of academic instructional levels. Adult education programs have experienced a particularly rapid increase in enrollment of students in the 17-21 age group. In 2002-03, 16,442 students 17-21 years of age enrolled in adult education. An additional 54,734 adults 22 years of age and older were also served.

Due to the alarming number of students leaving the traditional K-12 program and enrolling in adult education, adequate funding to meet the challenges of the “young adult” population continues to erode. The Education Oversight Committee (EOC) 2003-04 budget recommended funding adult education at \$1,000 per student in this age group. Based on this recommendation an additional \$1.6 million is requested each year to adequately fund part time and full time teachers to assist in serving this population.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds				\$1,600,000	\$1,600,000
Other Operating Expenses					\$ 0
Total	\$ 0	\$0	\$ 0	\$1,600,000	\$1,600,000

**If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.*

(3) Base Appropriation:

State	\$12,677,703
Federal	\$8,162,960
Other-	\$1,525,076

(4) Is this priority associated with a Capital Budget Priority? If so, state Capital Budget Priority Number and Project Name:

G. Detailed Justification for FTEs:

H. Other Comments:

A. Agency Section/Code/Name: Section 1, H63—Department of Education

B. Priority No. 11 of 17

C. (1) Title: EAA Data Collection and Reporting System (SASIXp – School Administration Student Information)
(2) Summary Description: To provide annual maintenance fees for the flexible Windows-based data collection and reporting system provided by the state to all public school districts to facilitate educational accountability. These maintenance fees are stipulated under the terms of the existing state contract.

In addition, funds are required to maximize technical capacity for data warehouse data analysis, validation, and secured access to SASIXp student data contained in the South Carolina Educational Data System (SCEDS).

(3) Strategic Goal/Action Plan: 1.5 The state educational system components are accountable and aligned so that all students reach a high level of academic achievement. Goal 5.3: Educational leadership is accountable.

D. Budget Program Name and Number: EAA Data Collection and Reporting System (SASIXp – School Administration Student Information)

E. Agency Activity: Data Collection-SASI

F. Detailed Justification for Funding

(1) Justification for Funding Increase: The state has contracted for and provided a flexible Windows-based data collection and reporting system (SASIXp) to all public school districts to facilitate educational accountability by providing a responsive data collection, storage, retrieval, and reporting system and for the school districts and public school students of the state. The contract for the installed software requires annual maintenance fees for continued operation and support. Districts are dependent on this software for school administration, curriculum and assessment and state reporting. School funding is distributed based on data collected and reported through this system.

In 1986, the State Department of Education contracted to provide school administration software to all public schools across South Carolina. In doing so, South Carolina became the first state in the nation to have all schools automated. Through this model, districts have realized the efficiencies of automation at a cost they could not sustain themselves and the state has been able to collect a higher level of data with increased accuracy. The SASIXp software system is a replacement for the original software provided in 1986. Districts are dependent on this software for school administration, classroom curriculum and assessment tracking and state reporting.

NCLB/EAA Data Requirements. Data collection, analysis, and dissemination are integral to the education reform process and central to establishing accountability. As a result, demands for information and data analysis have grown exponentially in public education in recent years.

Implementing the Education Accountability Act of 1998 (the EAA) required extensive data collection by the state's public education system as a part of this comprehensive set of education reforms and reporting requirements. To meet the EAA data demands, our schools and educators established greater data sets, enlarged collection/integration capacity, and heightened the sophistication of the analyses.

No Child Left Behind (NCLB), passed by Congress in 2001, institutes even higher student performance requirements and demands more creative programs and activities to improve student achievement—beginning with the 2002–03 school year. NCLB mandates even more drastic increases in the types of data collected, its analysis, and forms of reporting required of schools, districts, and the state for compliance purposes. Additionally, the higher performance goals established by this federal law require more sophisticated analysis of the information for improvement and accountability. Even with the EAA data foundation, NCLB requirements threaten to overwhelm our present information systems' capacity for data collection and analysis.

The National Conference of State Legislatures, in a review of the NCLB legislation, expressed concern about the fiscal impact of specific provisions of the law. The group noted that the data collection and reporting requirements of the Act could be significant and could “cost \$5 to \$10 per student in total K–12 enrollment in a given state

\$1,049,375	SASIXp Data Collection and Reporting System Maintenance.
<u>\$894,670</u>	Data Analysis, Validation and Access
\$1,944,045	Total Request

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Other Operating Expenses				\$1,944,045	\$1,944,045
Total	\$ 0	\$ 0	\$ 0	\$1,944,045	\$1,944,045
<i>*If new : are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$
Federal	\$
Other	\$

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs: NA

H. Other Comments:

FY 2005 appropriation for this activity was \$2,048,925 for Data Collection – SASI and \$488,000 for Unique Student Identifier, for a total of \$2,536,925. For FY 2006, the amount required for Data Collection - SASI is \$1,049,375; there are no funds required for Unique Student Identifier because the amount was for one time development; the amount of \$894,670 is required for data warehouse data analysis, validation, in SCEDS (data warehouse). FY 2006 total required is \$1,944,045 which represents a \$592,880 decline from the FY 2005 appropriated amount of \$2,536,925.

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 12 of 17

C. (1) Title: Technology

(2) Summary Description: K–12 Technology Initiative. In order to comply with the Education Accountability Act of 1999 and Proviso 72.48, to address technology shortfalls in schools as identified by the October 2000 KPMG study and to continue to implement the South Carolina Educational Technology Plan, funding is required for school technology. These funds are recommended to include: statewide connectivity, state virtual library, digital content development, district hardware and software, technology professional development, and networking academies.

(3) Strategic Goal/Action Plan: K–12 Technology Initiative. Goal 1.4: Students use technology to reach higher levels of learning. Goal 1.5: The state educational system components are accountable and aligned so that all students reach a high level of academic achievement. Goal 5.3: Educational leadership is accountable. Goal: 6.4 Teacher professional development programs are effective.

D. Budget Program Name and Number: Technology Initiative XIII.D. Special Allocations.

E. Agency Activity: Technology Initiative; Data Collection SASI

F. Detailed Justification for Funding

In 1996 the General Assembly identified technology as a means to assist schools in meeting their educational objectives. Since that time the K–12 School Technology Initiative, through the support of the General Assembly, has made great strides in integrating technology into the classroom. For example, South Carolina was one of the first five states nationally to achieve Internet connectivity for all public schools. Students in all school districts have high-speed access to the worldwide resources of the Internet. In addition, use of DISCUS, the state’s virtual library, has increased 11% in FY04 with over 6.05 million articles being accessed in the 2003-04 school year. Likewise, the use of Knowitall.org, the state’s standards-based curriculum web site, has seen substantive increases in both visitors and available content during FY04. The number of visitors to Knowitall.org increased almost two and one half times from the previous year. Eight new programs and features were added to Knowitall.org including the *Sandlapper Magazine Online*, *EyeWonder Online*, and *Instant Replay*. Much of these increases are the result of extensive teacher training in the use of technology in the classroom. Funds have also been provided for statewide implementation of a flexible Windows-based data collection and reporting system that will ensure accountability for the districts.

Unfortunately, the state is still not where it needs to be in using technology to impact education. In 2000, KPMG Consulting surveyed the state’s schools and found that over 1/3 of the computers being used in the classrooms were obsolete. These computers were so dated that many of the resources available to the schools were not accessible through these computers. Since 2000, very limited funds have been available to the districts to address this problem. In addition, the budget reductions have caused the state to scale back its computer rebuild program. In the past, this program had provided many rebuilt computers to the schools. While South Carolina was once able to boast one of the best student to computer ratios in our schools, the state is losing ground relational to the national scale. The percentage of schools with at least half their teachers using computers for planning and teaching on a daily basis has declined since 2003 to less than 79%, according to the Education Week’s “Technology Counts”. Since the subsequent reductions in those recurring funds, a decline or leveling-off of integration and expertise has been recorded in South Carolina. Once again in FY04, the state has had to operate with a reduced amount of flow-through money available to the districts. Additionally, the state has been unable to adequately provide for the increased bandwidth requirements of districts as the Internet becomes a bigger part of the instructional picture and more applications are being used in schools that require greater bandwidth.

In July 2001, the Education Oversight Committee introduced its long-range plan. Incorporated into that plan were expectations relative to the use of technology in the state’s school systems. These expectations are:

- The Internet connectivity must be in place;
- Students must have access to a multi-media computer;
- Distance learning facilities must be available;
- In order to assess data on a statewide basis, a data warehouse and retrieval system must be developed;
- Content must be developed that is aligned with the state’s curriculum standards;
- Appropriate technology must be available in the schools; and
- 90 percent of the teacher must report involvement in quality professional development that meets the national standards.

The budget presented below will enable the state to meet these expectations. Without this funding, the state will simply maintain the status quo or fall farther behind in achieving educational goals through the use of technology.

\$18,000,000	Continuation of Network Connectivity: To provide Internet connectivity to all schools and public libraries. (Total required for network connectivity is \$18 million: (\$10 million from anticipated ERATE refunds; \$8 million from appropriated funds.)
2,015,460	DISCUS: South Carolina's virtual library—To provide funds for subscriptions to reference materials.
1,268,400	Digitization Project: To provide continued development of Knowitall.org, which provides standards-based content for students and teachers, and continued digitization of content from ETV vaults.
1,100,600	ITFS Network Services: To provide for maintenance of receivers, towers and antennas for ETV Distance Education Learning Centers.
500,000	SASI Training: To provide funding for statewide web-based professional development, on SASI and ABACUS systems, to school and district faculty and staff.
700,000	Professional Development: To provide professional development offerings to schools on the integration of technology across a standards-based curriculum. Current federal and state legislation requires districts to use 25% or more of technology budgets to fund ongoing, sustained professional development. In addition, the state is charged with ensuring that all South Carolina educators have equal opportunities to participate in high-quality professional development regardless of geographic location or scheduling conflicts that prevent them from attending traditional, on-site classroom sessions. The South Carolina Online Professional Development Program (SCOPD) will provide expanded professional development on technology integration to increase student achievement in a standard-based curriculum. SCOPD expands the number of professional growth and collaboration offerings by increasing access to high-quality professional development throughout the state and reducing educator travel time and costs.
14,518,102	Distribution to Schools: To provide replacements for outdated/obsolete equipment and expand base of equipment to meet state goals for improved student access as defined in the South Carolina Educational Technology Plan
70,357	ETV/ITV Teacher Institutes: To provide statewide workshops for teachers featuring ETV/ITV resource use (Partnership between DOE/ETV and Math-Science Hubs).
100,000	ETV Satellite: To provide funding for the new Education Satellite lease agreement.
<u>174,700</u>	ETV/ITV Video-on-Demand: South Carolina's instructional Video-on-Demand library, StreamlineSC—To provide funds for maintaining infrastructure and management of online multimedia reference materials made available to all students and teachers in South Carolina.
\$38,447,619	Total FY 2006 Appropriation Request
\$15,947,619	Total FY 2005 Appropriation
\$22,500,000	Total FY 2006 Increase for K–12 Technology Initiative (flow-through: \$14,518,102; other operating expense: \$7,981,898)

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds				\$14,518,102	\$14,518,102
Other Operating Expenses				\$7,981,898	\$7,981,898
Total	\$ 0		\$ 0	\$22,500,000	\$22,500,000
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$15,947,619

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs: NA

H. Other Comments:

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 13 of 17

C. (1) Title: Curriculum Standards - Gifted and Talented; SAT Improvement; Advanced Placement.

(2) Summary Description:

Gifted and Talented (GT). State Board of Education Regulation 43-220 requires districts to serve academically and artistically gifted and talented students. §59-29-170, Programs for talented students, Code of Laws of South Carolina, 1976, Amended 1986, creates priorities for serving these students.

SAT Improvement. The SAT Improvement Initiative seeks to bring the state's average scores on college entrance exams to the national level. The legislation at the foundation of the initiative is found in recurring budget provisos and in the Education Accountability Act.

Advanced Placement (AP). The SDE provides pass-through funds to districts to support the approximately 19,000 AP exams administered each year, as well as teacher training graduate institutes in AP

(3) Strategic Goal/Action Plan: Strategic Aim 1, High Student Achievement. Increase and sustain emphasis on identifying students with high performance ability or potential and providing an educational program beyond that normally provided by the general school program in order to achieve their potential in their area of strength. When provided with an appropriately differentiated curriculum and when taught by teachers trained to instruction gifted and talented students, these students should develop their unique talents.

Strategic Goals:

- 1.1 Students are held to rigorous and relevant academic standards.
- 1.2 Students demonstrate essential knowledge and skills as described in the curriculum standards.
- 1.3 Students graduate from high school ready for college or a career.
- 1.4 Students use technology to reach higher levels of learning.
- 1.5 The state educational system components are aligned so that all students reach a high level of academic achievement.

D. Budget Program Name and Number: Gifted and Talented, Advanced Placement, SAT Preparation.

E. Agency Activity: Gifted and Talented Instruction, Advanced Placement, SAT Improvement.

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

GT. Growth in the number of students identified for academically gifted and talented program services and the state's failure to fund the program have created significant problems for districts. Students are not served in an appropriate instructional setting with a differentiated curriculum, and students are not achieving at high levels in their strength areas.

A 2003 national policy study identified South Carolina as a leader in the development of policy related to gifted and talented programs. However, these policies have never been implemented completely due to the lack of funding. The state will never evaluate the impact of gifted and talented programs in a valid and reliable manner until funding for the program sustains and supports the best practices set forth in our policies. It is highly probable that fewer gifted and talented students will perform at the proficient or advanced level as funding does not keep pace with the program needs.

From a review of the data submitted by districts, the following information was compiled:

- There were 71,267 students served in academically gifted programs in the state during the 2003–04 school year.
- For the 2004–05 school year, the state provides 69% of the required funding. Moreover, this level of funding is based on base student cost that is lower than the base student cost of FY99 when there were only 51,009 students in academically gifted programs.
- Districts are being asked to serve more students, to be more accountable for student performance, and to provide a greater variety of services with less state funding.
- There are no data to describe accurately the status of artistic programs. Anecdotal information suggests that many districts either provide no service or have an extremely limited artistic program.

The current appropriation for the EIA Gifted and Talented Program is \$29,497,533. Academic programs receive \$25,692,780 and artistic programs receive \$2,814,753. The Junior Academy of Science receives \$100,000 and the Department uses \$850,000 to provide teacher training and to screen students for program eligibility.

To fully fund the program in 2005–06 using the data of number of students served in 2003–04

- the per pupil cost for the academic program is \$2,290 X .30 X 71,267 students for a total of \$48,960,429;
- add to that figure \$4,896,942 which represents 10% for the artistic program;
- add \$850,000 for teacher training and screening of students for program eligibility; and
- add \$100,000 to support the Junior Academy of Science.

The total required appropriation to fund the program in FY 2006 is \$54,806,471. The requested increase is \$25,308,938.

SAT. For the past three years, South Carolina has enjoyed the distinction of having the highest five-year improvement rates on the SAT in the country. However, due to the historically low performance of South Carolina students on college entrance examinations (CEEs), we still have a lot of ground to cover in order to meet the national average.

The State Department of Education (SDE) recognizes what experts have long known: the single most important factor in CEE scores is whether students have taken a rigorous core of courses in a curriculum based on high standards. South Carolina is working to meet the challenge of a strong, standards-based curriculum. With the advent of the New SAT, however, we also need to renew our emphasis on providing quality professional development, test preparation, and relevant instructional materials. Reduced funding has curtailed many of the intensive CEE specific interventions sponsored by the state, and this year we saw a slight decrease in scores for the first time in five years.

Increased funding will

- provide financial support directly to districts so that they can devote resources to analyzing PSAT/PLAN test data and making indicated improvements;
- allocate funds directly to schools to support the cost of re-testing students who complete additional coursework and/or an SAT preparatory course;
- fund state-sponsored statewide professional development, and
- fund bulk purchases of preparation materials at discounted prices to be distributed to schools.

The current appropriation is \$239,571 and the requested increase in appropriation is \$335,000 consisting of \$310,000 pass-through and \$25,000 other operating.

AP. This request is for an increase to cover the cost of AP materials and exams paid by the school districts. The average cost of books and materials is approximately \$80 per student. Current appropriation provides approximately \$25 per student. The AP exams are approximately \$75 per exam. Therefore the adequate level of funding per student is approximately \$155 (\$80 + \$75). With approximately 19,000 students, the required pass-through amount is \$2,945,000. AP Teacher Institutes have increased requiring an additional \$64,000. Requested appropriation increase for AP is \$564,00 (\$500,000 for pass-through and \$64,000 for AP Institutes).

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds		\$310,000		\$25,872,938	\$26,182,938
Other Operating Expenses		\$25,000			\$25,000
Total	\$ 0	\$335,000	\$ 0	\$25,872,938	\$26,207,938
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$239,571
Federal	\$
Other	\$32,011,798 EIA

(4) Is this priority associated with a Capital Budget Priority? No. If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs:

H. Other Comments.

Gifted and Talented Appropriation and Funding History:

FISCAL YEAR	Base Student Cost	135-day GT Academic from Previous School Year	.30 WPU Allocation if fully funded	Academic Funding Available	Actual Per Pupil Funding	
FY99	\$1,879	51,009	\$563.70	\$21,299,925	\$428.41	76%
FY00	\$1,937	53,098	\$581.00	\$25,025,023	\$470.69	81%
FY01	\$2,012	54,817	\$603.60	\$27,040,023	\$494.95	82%
FY02	\$2,073	60,493	\$621.90	\$27,040,023	\$446.34	72%
FY02 budget reduction	\$2,073	60,493	\$621.90	\$24,319,943	\$402.02	64%
FY03	\$2,033	64,579	\$609.90	\$25,607,780	\$397.66	65% at reduced Base Student Cost and an increased state GT population
FY04	\$1,777	67,882	533.10	\$25,607,780	\$377.12	70% at a reduced Base Student Cost and an increased state GT population
FY05	\$1,853	71,267	555.60	\$25,692,780	360.38	69% at a Base Student Costs lower than 1999 and 20,000 additional students.

A. Agency Section/Code/Name: Section 1, H63–Department of Education

B. Priority No. 14 of 17

C. (1) Title: Education of Students with Disabilities. Students with Disabilities in Alternative Residences; Special Education Component of SASI; Extended School Year; Preschool Children with Disabilities.

(2) Summary Description:

Students with Disabilities in Alternative Residences. To provide funding to local school districts for the provision of improved educational and related services to students with disabilities who reside in alternative residences located within their geographic boundaries.

Special Education Component of SASI. There is a major concern regarding data collection for federal reporting on students with disabilities. Both the collection of as well as the accuracy of data submitted to the Office of Special Education Programs in Washington is of concern. The addition of the SASI special education atom would assist in resolving this challenge.

Extended School Year. Provides extended school year services for students with disabilities whose IEPs specify such services.

Preschool Children with Disabilities. Provides financial support for the provision of a free appropriate public education for 4,914 three and four year old children with disabilities statewide in South Carolina.

(3) Strategic Goal/Action Plan (if applicable): Strategic Aim 1–High Student Achievement. 1.1. Students are held to rigorous and relevant academic standards.

D. Budget Program Name and Number: Curriculum Services. III.; Aid to School Districts. XIII.

E. Agency Activity: Services to students with disabilities; PL 99-457; Extended Day; Alternative Residences (New)

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

Students with Disabilities in Alternative Residences. Under Proviso 1.9 local education agencies wherein alternative residences are located are responsible for providing a free and appropriate education for all students residing within the alternative residence. For the most part, these students come from all over the state and require an extremely high level of services. During the course of a school year the residency of these students may change frequently, and they require additional supports such as shadows. The number of group homes has increased dramatically, and the number continues to grow each year. Many are located in small districts that do not have the necessary support services and resources available that are required to appropriately serve these students. In 2003–04 there were approximately 586 students in alternative residences. Request is for \$1,000,000.

Special Education Component of SASI. The required data collections in the Annual Performance Report submitted in March to the Office of Special Education Programs calls for database decision-making. The office of Exceptional Children and the South Carolina Department of Education must have a way of collecting this required data through a unified system that reflects individual student data entered at the building level and allows comparative information between disabled and non-disabled students. The current system used by the state, SASI offers a special education atom that would resolve this problem. The requested funds would allow us to purchase this addition for existing software. The request is for \$650,000.

Extended School Year. Last year local education agencies received \$12.13 per child for each student receiving extended school year services. Three school districts participated in a pilot program during the summer of 1993 under a legislative proviso. It was determined that the average cost per student was \$323.77. Further, an incidence rate of 6.2% was established. Request is for \$1,000,000 pass-through. The current appropriation is \$43,316 General Fund.

Preschool Children with Disabilities. In 1995, a report commissioned by the Joint Committee to Study Formula Funding in Education Programs stated that the average cost for educating a preschool child with a disability was \$3,009. This was based on a study of the costs incurred in ten representative districts. The total of state and federal funds available for this population last year was \$897 per child creating a deficit of \$2,112 per child. This request would enable preschool children with disabilities to receive more appropriate services, which would enable them to achieve higher standards when they reach school age. The total cost to meet this requirement would be \$6,394,784.00. The request below would meet 25% of this need. Request is for an increase of \$1,598,696. Current appropriation is \$3,973,584 General Fund.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other-EIA	Total
Pass-Through Funds		\$3,598,696			\$3,598,696
Other Operating Expenses	\$650,000				\$650,000
Total	\$650,000	\$3,598,696	\$ 0	\$ 0	\$4,248,696
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$4,016,900
Federal	\$
Other-EIA	\$

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs:

H. Other Comments:

Alternative Residence. The funding formulae that would be utilized would be to divide the number of students with disabilities residing in alternative residences into the allocation to determine a per pupil amount per alternative residence. In order to determine the allocation available for each school district, the per pupil amount would be multiplied by the number of students with disabilities residing in alternative residences within each district. The expenditure of these funds would be limited to the provision of direct services for students residing in the alternative residences.

Preschool Children with Disabilities. All local school districts are mandated by both state and federal statutes to provide a free appropriate public education for all children with disabilities beginning on their third birthday. Owing to financial constraints, many of the 4,914 three and four year old children with disabilities are receiving fragmented and limited services. In February 2002, the Office of Special Education Programs with the U. S. Department of Education visited several districts and validated that many children in the state were not receiving services on their birthday.

A. Agency Section/Code/Name: Section 1AA - H66 -Lottery Expenditure Account

B. Priority No. 15 of 17

C. (1) Title: K–5 Enhancement Funds; 6–8 Enhancement Funds

(2) Summary Description: The Office of Curriculum and Standards provides pass-through funds to districts to support their efforts to improve student academic performance and teacher quality. These appropriations must be used to supplement and not supplant existing funds for education. These funds also support statewide endeavors addressing these two areas.

(3) Strategic Goal/Action Plan:

Strategic Goals:

Strategic Aim 1– High Student Achievement. 1.1. Students are held to rigorous and relevant academic standards.

Strategic Aim 2– Teacher Quality. 2.2 Teacher preparation programs produce highly qualified teachers.

D. Budget Program Name and Number Agency Activity: K–5 Enhancement. Section 1AA - H66 –Lottery, item (12) Department of Education—K–5 Reading, Math, Science & Social Studies Program as provided in Section 59-1-525. 6–8 Enhancement. Section 1AA - H66 – Lottery, item (13) Department of Education--Grades 6–8 Reading, Math, Science & Social Studies Program.

E. Agency Activity: Enhance teacher skill and student performance in English, Math, Science, and Social Studies.

F. Detailed Justification for Funding

(1) Justification for Funding Increase: The SDE requests continued support in this area for FY06. The school districts rely on these funds to supplement their instructional improvement efforts described in their strategic plans. FY 2005 funding for grades K–5 was \$46,500,000 from the Lottery and grades 6–8 was \$2,000,000 from the Lottery. Request is for \$48,500,000 of which \$48,500,000 is to replace prior year Lottery appropriation.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds	\$ 0	\$ 0	\$ 0	\$48,500,000	\$48,500,000
Other Operating Expenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$48,500,000	\$48,500,000

**If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.*

(3) Base Appropriation:

State	\$
Federal	\$
Other	\$

(4) Is this priority associated with a Capital Budget Priority? NO **If so, state Capital Budget Priority Number and Project Name:** NA

G. Detailed Justification for FTEs: NA

H. Other Comments: NA

A. **Agency Section/Code/Name:** Section 1, H63–Department of Education

B. **Priority No.** 16 of 17

C. **(1) Title:** Institute of Reading

(2) Summary Description: The Institute of Reading (GIR) is a collaborative effort to mobilize education, business, and community resources to ensure that all children learn to read independently and well by the end of third grade (Section 59-5,135 (A), South Carolina Code of Laws, 1976, as amended in 1999). As a means of reaching this goal, the South Carolina Reading Initiative (SCRI) was created and implemented in 2000–01. In 2001–02, Proviso 1A.52. (SDE-EIA: XI.A.3-Institute of Reading) called for the expansion of the South Carolina Reading Initiative to the middle grades by requiring that existing Institute of Reading funding be used to implement a comprehensive approach to improving the reading abilities of students in the middle grades and accelerating the learning of middle grade students reading below grade level with strategies based on best practice and providing targeted assistance, shown by research, to help these students to read at grade level. During FY05, the SCRI model is being implemented statewide in more than half of the states 85 school districts as follows:

Initiative	Districts	Schools	Literacy Coaches
SCRI K-5 Phase 1 (Continuing Contact)	15	42	22
SCRI K-5 Phase 2	11	27	22
SCRI K-5 Phase 3	14	31	31
SCRI-MG	23	36	28
SC READS	18	30	31
SCRF	24	52	54
Totals	48	218	188

All of these initiatives are being funding by either state or federal funds. SCRI K-5 Phase 1, 2, and 3 are being funded with K-5 Lottery funds; SCRI-MG is being funded by the Institute of Reading; and SC READS and SC Reading First are being funded solely with federal funds.

(3) Strategic Goal/Action Plan: The Institute of Reading relates to three of the Agency’s strategic goals—Accountability: Standards for Teaching and Learning, School Leadership, and Teacher Quality. Through the South Carolina Reading Initiative (SCRI), the Institute’s major initiative, we are providing long-term, intensive professional development to administrators and teachers. Led by a literacy coach, administrator/teacher teams at participating schools across the state meet to conduct systematic inquiry into reading research and practice and to discuss related issues and questions that arise in schools and classrooms. By developing a strong knowledge base about literacy, administrators and teachers will be able to make informed and effective curricular and instructional decisions. This, in turn, will impact their literacy practices and the achievement of their students.

D. **Budget Program Name and Number:** Institute of Reading. XI.A.3

E. **Agency Activity: Institute of Reading:** Professional Development on Reading – Institute of Reading

F. **Detailed Justification for Funding**

(1) Justification for Funding Increase: Increased funding for the Institute of Reading is requested to expand SCRI to the high school level. Using federal Reading First grant funds and state K–5 Lottery funds, the agency will be able to continue implementing the elementary component of SCRI, as well as the middle school mandate of Proviso 1A.40. Increasing funding from \$1,312,874 to \$2,962,874 for the Institute of Reading will enable us to begin training a cohort of 25 high school literacy coaches serving 25 high schools throughout the state. The \$1,650,000 increase will provide 25 \$50,000 grants for a total of \$1,250,000 to support the implementation of SCRI-HS in 25 districts and \$400,000 to pay for the training of the coaches, including materials. Since the inception of SCRI in 2000-01, the high schools have clamored for this type of ongoing, inquiry-based professional development for their teachers. If the high schools are to succeed with both state and national assessments such as the English 1 End-of-Course test, HSAP, and the New SAT, teachers need intensive professional development in best practices in the teaching of reading and writing for adolescents. SCRI is poised to provide this professional development.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Pass-Through Funds				\$1,250,000	\$1,250,000
Other Operating Expenses				\$400,000	\$400,000
Total	\$ 0	\$0	\$ 0	\$1,650,000	\$1,650,000
<i>*If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$
Federal	\$
Other	\$1,312,874 EIA

(4) Is this priority associated with a Capital Budget Priority? NO If so, state Capital Budget Priority Number and Project Name: NA

G. Detailed Justification for FTEs: NA

H. Other Comments.

A. **Agency Section/Code/Name:** Section 1, H63–Department of Education

B. **Priority No.** 17 of 17

C. (1) **Title:** Teacher Salary Supplement and Employer Contributions

(2) **Summary Description:** This EIA program provides the additional funds needed over and above base salary funding to achieve and/or exceed the projected southeast average teacher salary for over 47,000 teachers throughout the entire state. **NOTE: THIS REQUEST MUST BE SYNCHRONIZED WITH THE EFA, TEACHER SPECIALIST, AND NATIONAL BOARD REQUESTS.**

(3) **Strategic Goal/Action Plan:** Teacher Quality, Teacher Retention

D. **Budget Program Name and Number:** Teacher Salary Supplement and Employer Contributions –XI.C.3.

E. **Agency Activity:** Teacher Salary Supplement and Teacher Salary Supplement Employer Contributions

F. **Detailed Justification for Funding**

(1) **Justification for Funding Increase:** This request synchronized with the EFA, national board certification, and teacher specialist requests provides teacher salary supplement and related fringe to exceed the southeastern average teacher salary by \$300. The SC average salary goal for FY 2006 is set to be \$42,737 and is projected to exceed the southeastern average teacher salary by \$300. The State Minimum Salary Schedule would increase by approximately 1.55% and the average SC teacher salary would increase by approximately 1.65%. This request is subject to the General Assembly's action on the following budget requests: EFA, National Board Certification, Teacher Specialist. This program permits the state to achieve or exceed the projected southeast average teacher salary. Program success will be measured by comparing South Carolina average teacher salary to the southeastern average teacher salary. For FY 2004, the South Carolina average teacher salary is \$41,162. The FY 2005 projected South Carolina average teacher salary is \$42,045. The FY 2006 projected southeast average teacher salary is \$42,437. These salary estimates include National Board Certification and Teacher Specialist incentives. The EIA teacher salary supplement and fringe line items complement base funding for teacher salaries. This program provides for meeting the southeastern average teacher salary as projected by the Office of Research and Statistics, Budget and Control Board. This item is designated a high priority because it provides teacher salaries at the estimated SE average. Applicable state statute: S. C. Code Ann. § 59-20-50(b). SDE current resources are inadequate to cover the increase.

(2)

FY 2005–06 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other EIA	Total
Pass-Through Funds				-\$135,630,780	-\$135,630,780
Total	\$ 0	\$ 0	\$ 0	\$-135,630,780	\$-135,630,780

**If new FTEs are needed, please complete Section F (Detailed Justification for FTEs) below.*

(3) **Base Appropriation:**

Other \$261,507,246 EIA

(4) **Is this priority associated with a Capital Budget Priority?** NO If so, state **Capital Budget Priority Number and Project Name:** NA

G. **Detailed Justification for FTEs:** NA

H. **Other Comments:**

This request must be synchronized with the National Board Certification and Teacher Specialist requests.

FY2006 Required Appropriation:

1. EIA Teacher Salary Supplement =	\$106,135,680
2. EIA Teacher Salary Increase Fringe Benefits =	\$19,741,236
TOTAL =	\$125,876,916